

# Sustainability of the Groundwater Protection Fund (continued)

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August 14, 2020

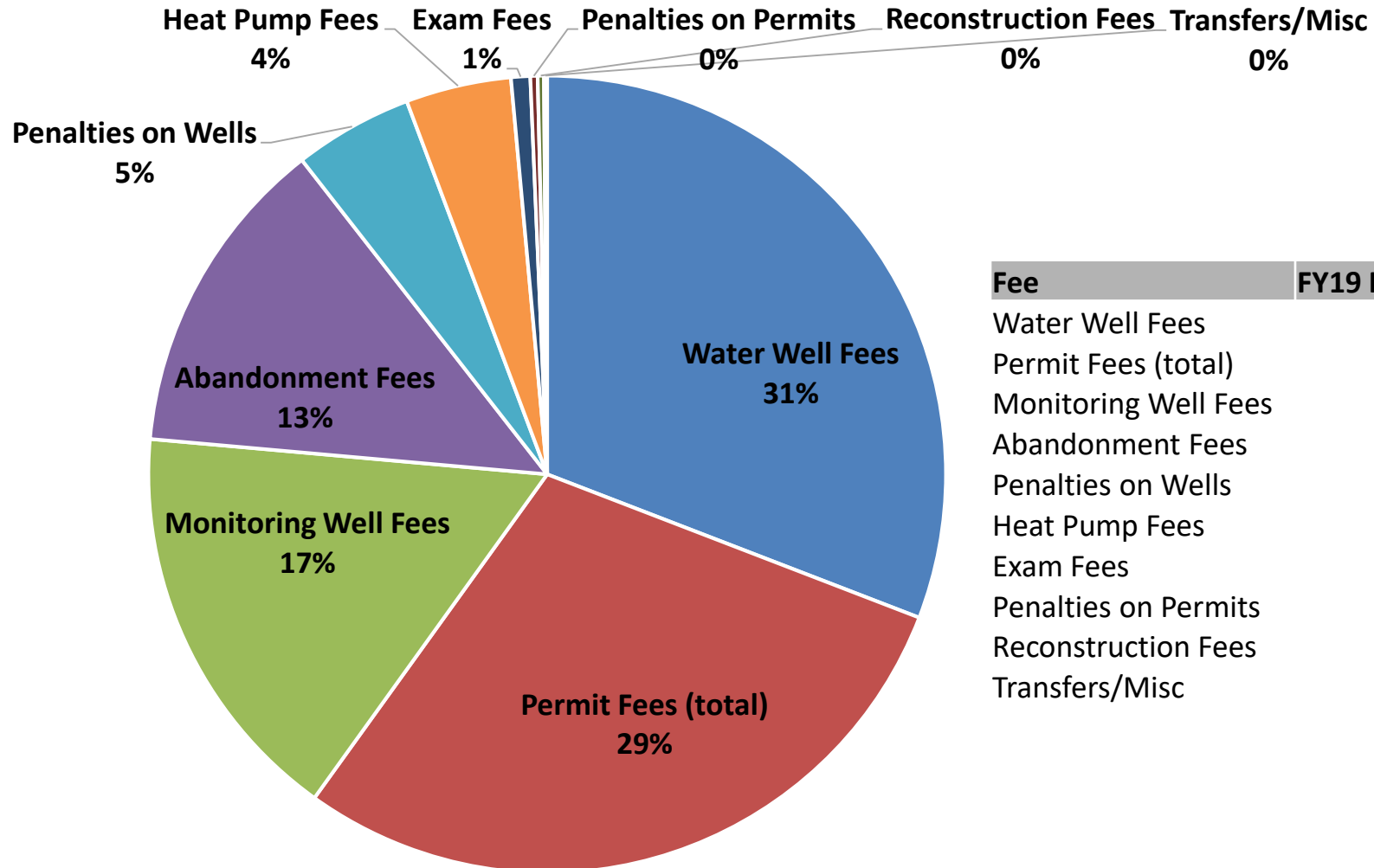
## Overview

- The Well Installation Board requested additional information regarding the sustainability of the Groundwater Protection Fund at their regular meeting held May 1, 2020, via teleconference.
  
- The information requested was:
  - FY15-FY19 Revenue by Category
  - FY19 Revenue by Category as Percentage of Total
  - FY15-FY19 Well Records by Type

## FY15-FY19 Revenue by Category

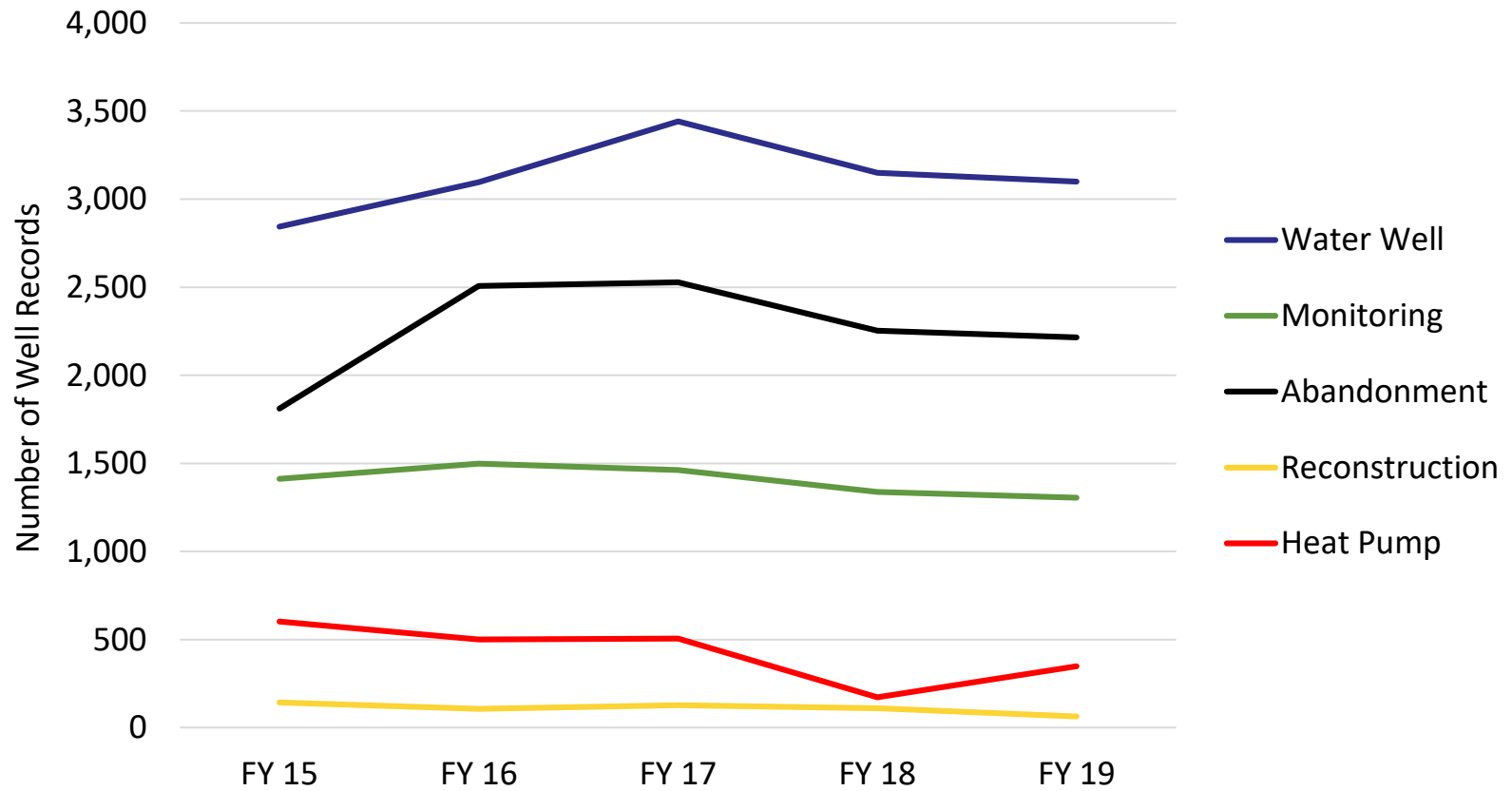
	Water Well Fees	Monitoring Well Fees	Heat Pump Fees	Exam Fees	Permit Fees- Water	Permit Fees- Monitoring	Permit Fees- Heat Pump	Permit Fees- Pump	Permit Fees- Vehicle	Well Abandonment Fees	Reconstruction Fees	Information Sales	Penalties on Wells	Penalties on Permits	Misc	Total Revenue
FY15	\$233,050	\$138,730	\$60,410	\$5,530	\$33,405	\$41,930	\$27,380	\$56,265	\$19,330	\$78,750	\$5,470	\$210	\$35,705	\$4,283	\$7,533	<b>\$747,981</b>
FY16	\$246,995	\$146,760	\$51,175	\$6,800	\$46,317	\$58,570	\$38,510	\$78,001	\$20,583	\$105,175	\$3,800	\$255	\$42,720	\$6,641	\$1,173	<b>\$853,475</b>
FY17	\$263,584	\$145,568	\$50,960	\$5,310	\$45,890	\$55,750	\$37,200	\$75,037	\$19,449	\$112,255	\$3,750	\$0	\$42,713	\$8,980	\$540	<b>\$866,986</b>
FY18	\$265,036	\$129,850	\$18,030	\$6,970	\$42,981	\$55,655	\$35,115	\$73,558	\$19,247	\$96,160	\$3,270	\$0	\$32,225	\$4,965	\$915	<b>\$783,977</b>
FY19	\$239,870	\$128,220	\$33,230	\$6,040	\$43,245	\$57,518	\$33,040	\$73,195	\$18,940	\$101,380	\$1,950	\$0	\$37,465	\$2,290	\$1011	<b>\$777,394</b>
<b>5 Year Avg</b>	<b>\$249,707</b>	<b>\$137,826</b>	<b>\$42,761</b>	<b>\$6,130</b>	<b>\$42,368</b>	<b>\$53,885</b>	<b>\$34,249</b>	<b>\$71,211</b>	<b>\$19,510</b>	<b>\$98,744</b>	<b>\$3,648</b>	<b>\$93</b>	<b>\$38,166</b>	<b>\$5,432</b>	<b>\$2,234</b>	<b>\$805,963</b>

## FY19 Total Revenue by Category



Fee	FY19 Revenue
Water Well Fees	\$239,870
Permit Fees (total)	\$225,938
Monitoring Well Fees	\$128,220
Abandonment Fees	\$101,380
Penalties on Wells	\$37,465
Heat Pump Fees	\$33,230
Exam Fees	\$6,040
Penalties on Permits	\$2,290
Reconstruction Fees	\$1,950
Transfers/Misc	\$1,011

## FY15-FY19 Number of Well Records by Type





The following slides (7-24) are re-printed  
from the May 1, 2020, Well Installation  
Board Meeting for reference.

## Overview

- Conversation began at the February Well Installation Board Meeting
- History of the Groundwater Protection Fund
- What the Fund supports
- Potential Fee Increase Scenarios
- Questions and Discussion

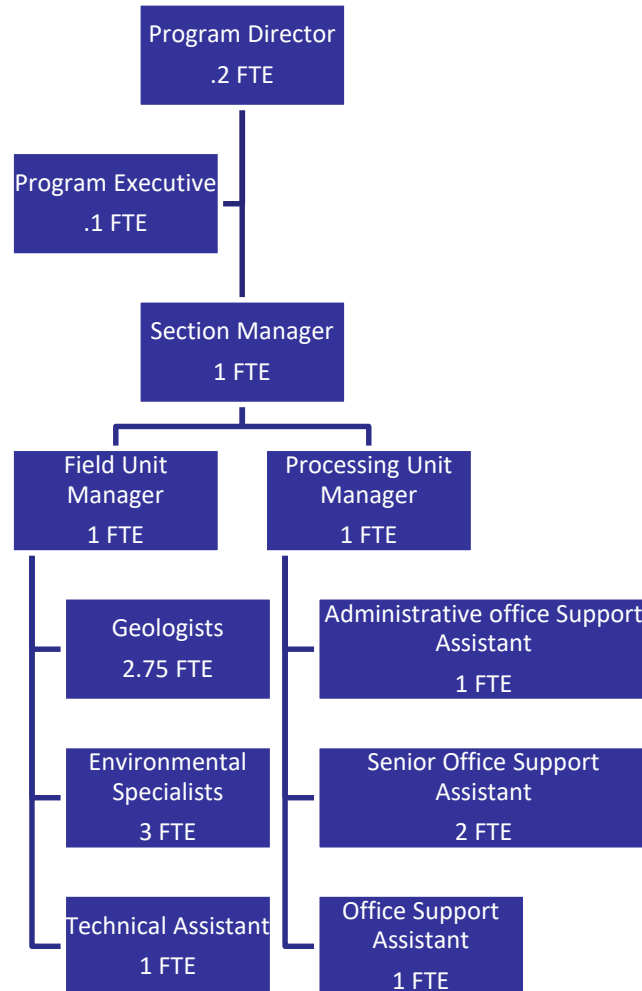
## History of the Groundwater Protection Fund (GPF)

- Established in statute in 1985 for the purposes of administering the Water Well Drillers Act (Sections 256.600 to 256.640, RSMo)
- The fiscal year ending cash balance amount exceeding one-half of the next year's projected operating budget will be transferred to the general revenue fund.
- Current fee structure has been in place since 2009. When available, general revenue funds have been used to extend the longevity of the fund.



## Team Members Performing Groundwater Protection Duties

Supports  
14.05 FTE



## Well Installation Team



The fund supports the protection of groundwater by

- Ensuring construction and plugging of wells is done according to regulations
- Working with customers to plug abandoned wells
- Assisting the well installation community and public on well construction concerns and technical issues
- Overseeing corrective actions when applicable
- Tracking, testing, and permitting well and pump installation contractors
- Registering service vehicles



## The Well Installation Team finds innovative ways to protect groundwater

- Educating the public, internal, and external partners on well construction and plugging regulations
- Electronically scanning well records for greater public access to well information
- Improving the Well Information Management System to be more user friendly and efficient
- Performing geophysical and video well logging and dye tracing
- Investigating water quality and contamination concerns





## FY19 - By The Numbers

(July 1, 2018 – June 30, 2019)

- **19,954** inquiries
- **8,217** certification and registration records processed (administrative and technical review)
- **37** Exams administered
- **1542** Permits issued (new and renewed)
- **118** Compliance Assistance visits
- **186** Previously unresolved administrative cases inspected and resolved
- **120** Administrative cases assigned and resolved
- **47** Rulemaking actions completed



## Fees

- Section 256.623, RSMo allows fees to be established in regulation for:
  - Permits (new, renewals, duplicates, vehicles and machines)
  - Certification reports (well installation)
  - Registration reports (well plugging, pump installation)
  - Examinations
  - Late document submittals
- Fees are to be set at levels to not substantially exceed the expense of administering Sections 256.600 to 256.640, RSMo.

## Expenditures

Increased costs are primarily due to potential State pay plans and benefits

### Groundwater Protection Fund at Current Revenue Level

Activities to Support Groundwater Protection	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
MGS Personal Services	464,993	437,539	398,030	372,241	577,140	590,200	595,611	607,523	619,673
Attorney General Personal Services	0	0	0	0	1,700	1,700	1,734	1,769	1,804
Benefits	190,511	190,651	199,027	211,023	335,727	349,221	358,407	371,668	385,316
Operating Expense & Equipment (includes IT EE)	90,685	59,100	84,487	68,596	68,596	68,596	68,596	68,596	68,596
Miscellaneous (Work Comp, Unemp Ins, Refunds)	38,906	0	327	0	0	0	0	0	0
Central Services (DNR & OA Cost Allocation Services, Leasing)	69,287	73,065	84,768	92,791	98,806	98,806	98,806	98,806	98,806
Groundwater Protection Fund Transfer	4,598	0	0	0	0	0	0	0	0
<b>Total Op Expenses</b>	<b>858,980</b>	<b>760,355</b>	<b>766,639</b>	<b>744,651</b>	<b>1,081,970</b>	<b>1,108,524</b>	<b>1,123,154</b>	<b>1,148,362</b>	<b>1,174,195</b>
<b>Total Revenue</b>	<b>866,986</b>	<b>783,977</b>	<b>777,394</b>	<b>756,216</b>	<b>792,164</b>	<b>792,164</b>	<b>792,164</b>	<b>792,164</b>	<b>792,164</b>
<b>Beginning Fund Balance</b>	464,758	472,764	496,386	507,141	518,706	228,900	(87,461)	(418,451)	(774,649)
<b>Revenue-Expenditures</b>	8,006	23,622	10,754	11,565	(289,806)	(316,360)	(330,990)	(356,198)	(382,032)
<b>Ending Fund Balance</b>	<b>472,764</b>	<b>496,386</b>	<b>507,141</b>	<b>518,706</b>	<b>228,900</b>	<b>(87,461)</b>	<b>(418,451)</b>	<b>(774,649)</b>	<b>(1,156,681)</b>

	FY20 Cur	FY21 Dev	FY22	FY23	FY24	FY25
<b>Fringe Rate</b>	56.69%	58.00%	59.00%	60.00%	61.00%	62.00%
<b>Pay Plan (COLA, market adjs, &amp; Engage 2.0)</b>	3.00%	0.00%	0.00%	2.00%	2.00%	2.00%
Pay Plan effective:	Jan 1, 2020			Jan 1, 2023	Jan 1, 2024	Jan 1, 2025

## Potential Fee Increase Scenarios

Current Fee Structure	Scenario 1	Scenario 2	Scenario 3	Maximum Fee Structure*
In place since 2009	Moderate increase to permit and certification fees  Assuming fee increase in FY21	Increase to certification and registration fees  Assuming fee increase in FY21	Phased approach to fee increases  Phase 1 fee increase in FY21  Phase 2 fee increase in FY23	As outlined in regulation (i.e., no rulemaking)  Assuming fee increase in FY21
Projected insolvency = May 2022	Projected insolvency = May 2024	Projected insolvency = May 2024	Projected insolvency = June 2025	Projected insolvency = after FY2025 *For illustrative purposes only

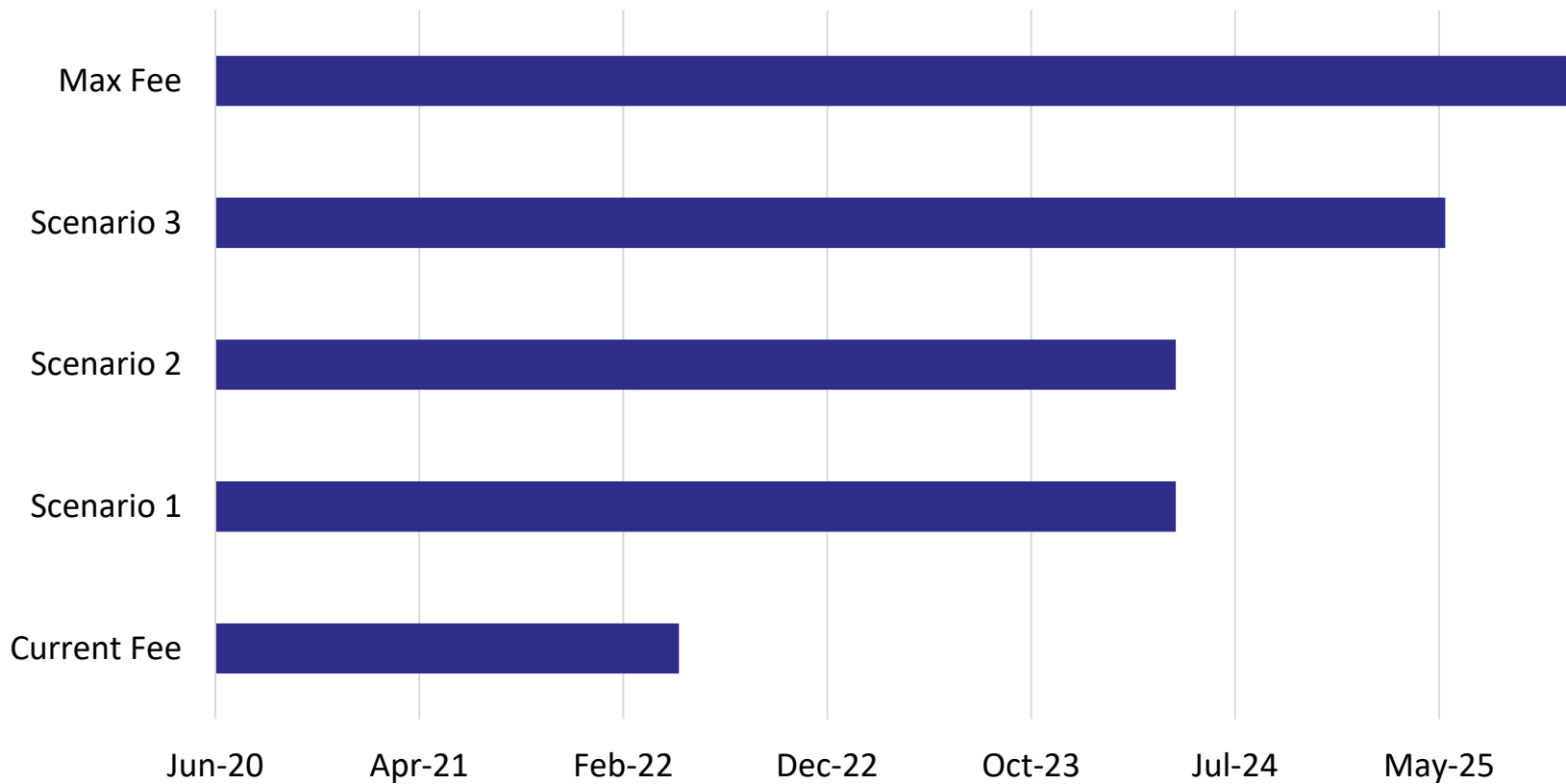
### Assumptions:

0% growth and projections are based on FY19 revenue; potential 2% Pay Plan Increase FY23-FY25; Hold filling Section Manager position until January 2021





## Fund Insolvency Date by Potential Scenario



## Current Fee Structure

Certification fees - Water Wells	\$80
Certification fees - Monitoring Well	\$100
Certification fees - Heat Pump Open Loop	\$80
Certification fees - Heat Pump <50 tons	\$100
Certification fees - Heat Pump >50 tons	\$200
Exam fees	\$40
Permit fees - Water Wells	\$100
Permit fees - Monitoring Well	\$100
Permit fees - Heat Pump	\$100
Permit fees - Pump	\$100
Permit fees - Vehicle Fee	\$20
Well log fees	no more than cost
Other registration fees - Well Abandonments	\$50
Other registration fees - Well Reconstruction	\$50
Information sales	no more than cost
Cost reimbursements/Refunds	no more than cost
Penalties - Well Record Late Fee	\$10
Penalties - Well Permit Late Fees	40%

## Scenario 1 – Moderate Increases for Certification and Permit Fees

	Proposed Fee	Current Fee
Certification fees - Water Wells	<b>\$100</b>	\$80
Certification fees - Monitoring Well	<b>\$125</b>	\$100
Certification fees - Heat Pump Open Loop	<b>\$100</b>	\$80
Certification fees - Heat Pump <50 tons	<b>\$125</b>	\$100
Certification fees - Heat Pump >50 tons	<b>\$225</b>	\$200
Exam fees	<b>\$50</b>	\$40
Permit fees - Water Wells	<b>\$125</b>	\$100
Permit fees - Monitoring Well	<b>\$125</b>	\$100
Permit fees - Heat Pump	<b>\$125</b>	\$100
Permit fees - Pump	<b>\$125</b>	\$100
Permit fees - Vehicle Fee	<b>\$50</b>	\$20
Well log fees	no more than cost	no more than cost
Other registration fees - Well Abandonments	\$50	\$50
Other registration fees - Well Reconstruction	\$50	\$50
Information sales	no more than cost	no more than cost
Cost reimbursements/Refunds	no more than cost	no more than cost
Penalties - Well Record Late Fee	\$10	\$10
Penalties - Well Permit Late Fees	40%	40%

## Scenario 2 –Increases for Certification Fees

	<b>Proposed Fee</b>	<b>Current Fee</b>
Certification fees - Water Wells	<b>\$125</b>	\$80
Certification fees - Monitoring Well	<b>\$125</b>	\$100
Certification fees - Heat Pump Open Loop	<b>\$125</b>	\$80
Certification fees - Heat Pump <50 tons	<b>\$150</b>	\$100
Certification fees - Heat Pump >50 tons	<b>\$250</b>	\$200
Exam fees	<b>\$50</b>	\$40
Permit fees - Water Wells	\$100	\$100
Permit fees - Monitoring Well	\$100	\$100
Permit fees - Heat Pump	\$100	\$100
Permit fees - Pump	\$100	\$100
Permit fees - Vehicle Fee	\$20	\$20
Well log fees	no more than cost	no more than cost
Other registration fees - Well Abandonments	\$50	\$50
Other registration fees - Well Reconstruction	<b>\$100</b>	\$50
Information sales	no more than cost	no more than cost
Cost reimbursements/Refunds	no more than cost	no more than cost
Penalties - Well Record Late Fee	\$10	\$10
Penalties - Well Permit Late Fees	40%	40%

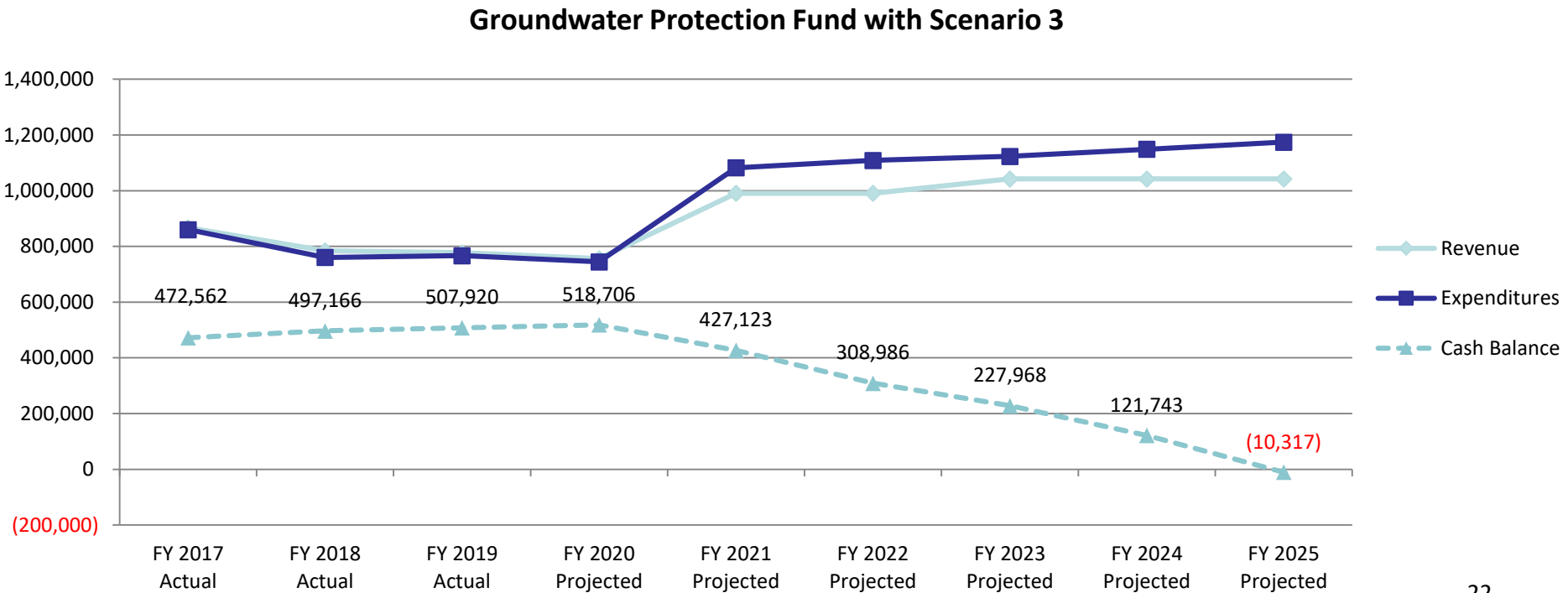
## Scenario 3 – Phased Approach

	Proposed Fee Effective FY21	Proposed Fee Effective FY23	Current Fee
Certification fees - Water Wells	<b>\$125</b>	<b>\$125</b>	\$80
Certification fees - Monitoring Well	<b>\$125</b>	<b>\$125</b>	\$100
Certification fees - Heat Pump Open Loop	<b>\$125</b>	<b>\$125</b>	\$80
Certification fees - Heat Pump <50 tons	<b>\$125</b>	<b>\$150</b>	\$100
Certification fees - Heat Pump >50 tons	<b>\$225</b>	<b>\$225</b>	\$200
Exam fees	<b>\$50</b>	<b>\$50</b>	\$40
Permit fees - Water Wells	\$100	<b>\$125</b>	\$100
Permit fees - Monitoring Well	\$100	<b>\$125</b>	\$100
Permit fees - Heat Pump	\$100	<b>\$125</b>	\$100
Permit fees - Pump	\$100	<b>\$125</b>	\$100
Permit fees - Vehicle Fee	<b>\$50</b>	<b>\$50</b>	\$20
Well log fees	no more than cost	no more than cost	no more than cost
Other registration fees - Well Abandonments	\$50	\$50	\$50
Other registration fees - Well Reconstruction	<b>\$100</b>	<b>\$100</b>	\$50
Information sales	no more than cost	no more than cost	no more than cost
Cost reimbursements/Refunds	no more than cost	no more than cost	no more than cost
Penalties - Well Record Late Fee	\$10	\$10	\$10
Penalties - Well Permit Late Fees	40%	40%	40%

## Cash Flow

Beginning in FY21 with Scenario 3, the fund will stay solvent nearly through FY2025.

With the max fee increase (additional \$400,000 per year), the fund would stay solvent after FY2025.



## Maximum Fees (allowed by current regulation)

	Maximum Fee	Current Fee
Certification fees - Water Wells	<b>\$125</b>	\$80
Certification fees - Monitoring Well	<b>\$125</b>	\$100
Certification fees - Heat Pump Open Loop	<b>\$125</b>	\$80
Certification fees - Heat Pump <50 tons	<b>\$150</b>	\$100
Certification fees - Heat Pump >50 tons	<b>\$250</b>	\$200
Exam fees	<b>\$50</b>	\$40
Permit fees - Water Wells	<b>\$150</b>	\$100
Permit fees - Monitoring Well	<b>\$150</b>	\$100
Permit fees - Heat Pump	<b>\$150</b>	\$100
Permit fees - Pump	<b>\$150</b>	\$100
Permit fees - Vehicle Fee	<b>\$50</b>	\$20
Well log fees	no more than cost	no more than cost
Other registration fees - Well Abandonments	<b>\$100</b>	\$50
Other registration fees - Well Reconstruction	<b>\$100</b>	\$50
Information sales	no more than cost	no more than cost
Cost reimbursements/Refunds	no more than cost	no more than cost
Penalties - Well Record Late Fee	\$10	\$10
Penalties - Well Permit Late Fees	40% of cost	40%



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## Discussion and Next Steps